

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
FACTORY 2-U STORES, INC. a/k/a	)	Chapter 7
FACTORY 2-U f/a/k/a GENERAL TEXTILES,)	
INC., f/a/k/a GENERAL TEXTILES, f/a/k/a	)	Case No. 04-10111 (PJW)
FAMILY BARGAIN CORPORATION, f/a/k/a)	
FAMILY BARGAIN CENTER,)	
)	
Debtor.)	
<hr/>		
JEOFFREY L. BURTCH,)	
Chapter 7 Trustee)	
)	
Plaintiff)	
)	
v.)	
)	
ACCESSORY NETWORK GROUP, LLC	)	Adv. No. 06-50378
a/k/a ACCESSORY NETWORK GROUP)	
GMAC COMMERCIAL FINANCE LLC)	
)	
ALL-WAYS SPORTSWEAR, LTD.	)	Adv. No. 06-50035
GMAC COMMERCIAL FINANCE LLC)	
)	
AMERICAN MARKETING ENTERPRISES, INC.	)	Adv. No. 06-50220
GMAC COMMERCIAL FINANCE LLC)	
)	
AMICA APPAREL CORP. d/b/a SQUEEZE KIDS	)	Adv. No. 06-50379
GMAC COMMERCIAL FINANCE LLC)	
)	
ATLANTIC HOSIERY, INC.	)	Adv. No. 05-30477
GMAC COMMERCIAL FINANCE LLC)	
)	
FAST FORWARD, LLC	)	Adv. No. 05-30156
GMAC COMMERCIAL FINANCE)	
)	
GREAT WALL CORP.	)	Adv. No. 06-50041
GMAC COMMERCIAL FINANCE LLC)	
)	
HAYWIN TEXTILE PRODUCTS	)	Adv. No. 06-50246
GMAC COMMERCIAL FINANCE LLC)	
)	
ISAAC MORRIS, LTD)	Adv. No. 05-53237
GMAC COMMERCIAL FINANCE LLC)	

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ISAAC MORRIS, LTD. d/b/a E-Baby)	Adv. No. 06-50004
GMAC COMMERCIAL FINANCE LLC)	
OUTERSTUFF, LTD.)	Adv. No. 06-50132
GMAC COMMERCIAL FINANCE LLC)	
PARK B. SMITH, INC. d/b/a SMITH AND	)	Adv. No. 05-30479
JOHNSON and d/b/a PARK B. SMITH LTD.)	
and PARK B. SMITH SR.)	
GMAC COMMERCIAL FINANCE LLC)	
RK INDUSTRIES INC.	)	Adv. No. 06-50298
GMAC COMMERCIAL FINANCE, LLC)	
SILVER GOOSE, INC.	)	Adv. No. 05-30463
GMAC COMMERCIAL FINANCE LLC)	
SOLED OUT SOCKS INC.	)	Adv. No. 05-30100
GMAC COMMERCIAL CREDIT)	
STAR REGENT APPAREL, INC.	)	Adv. No. 05-30476
STAR REGENT INTERNATIONAL INC.)	
GMAC COMMERCIAL FINANCE LLC)	
WIESNER PRODUCTS, INC.	)	Adv. No. 06-50365
GMAC COMMERCIAL FINANCE LLC)	
Defendants.)	

**DEFENDANT'S REPLY TO PLAINTIFF'S RESPONSE TO DEFENDANT GMAC
COMMERCIAL FINANCE LLC'S MOTION FOR WITHDRAWAL OF THE
REFERENCE UNDER 28 U.S.C. §157(d) AND FED. R. BANKR. P. 5011**

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I. INTRODUCTION

GMAC CF hereby submits this Reply to the Plaintiff's Response (the "Withdrawal Response") to Defendant GMAC Commercial Finance LLC's Motion for Withdrawal of the Reference Under 28 U.S.C. §157(d) and Fed. R. Bankr. P. 5011.

GMAC CF has not "create[d] [a] fiction" as to the Trustee's intent to "expend time, effort and funds to prove violations of the Sherman and Clayton Acts." See Withdrawal Response, p. 3. Nor has GMAC CF "inject[ed] a 'red herring' of supposed antitrust issues into the case." See Withdrawal Response, p. 9. Through his own words and actions, Jeoffrey L. Burtch, as chapter 7 trustee (the "Trustee" or "Plaintiff") demonstrates a clear intent to litigate non-core antitrust issues, including alleged violations of the Sherman and Clayton Acts (the "Antitrust Claims") in the context of preference actions pending before the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court"), which Antitrust Claims render the entire proceeding subject to both the mandatory and permissive withdrawal provisions of 28 U.S.C. §157(d).

The Trustee's words and actions substantiate GMAC CF's belief that "the Trustee will expend time, effort and funds to prove violations of the [Antitrust Claims]." See Withdrawal Response, p. 3. In fact, as set forth in the *Motion of Chapter 7 Trustee to Employ Baker & Hostetler LLP as Special Litigation Counsel to the Trustee Nunc Pro Tunc to June 4, 2007* (the "Motion to Employ"), the Trustee, despite his representation to the Court to the contrary, is already "expending time, effort and funds" for just this

purpose.¹ Regardless, the proceedings in which the Trustee will inject the Antitrust Claims are subject to the withdrawal provisions of 28 U.S.C. §157(d).

A. The Adversary Proceedings are Subject to the Mandatory Withdrawal Provisions of 28 U.S.C. §157(d)

The Trustee is inserting the Antitrust Claims into the pending proceedings. The Trustee's reliance on this theory renders the proceedings subject to the mandatory withdrawal provisions of §157(d).

Section 157(d) provides that, "on timely motion of any party", the reference to the bankruptcy court shall be withdrawn if "resolution of the proceeding requires consideration of both Title 11 and other laws of the United States regulating organizations or activities affecting interstate commerce." 28 U.S.C. § 157(d). This statute was interpreted in Matters of Vicars Ins. Agency, Inc., in which the Seventh Circuit provided a detailed review of the state of the law with respect to "several ambiguous phrases" in the statute, including "'resolution,' 'consideration,' and 'affecting'". Matters of Vicars Ins. Agency, Inc., 96 F.3d 949, 953 (7th Cir. 1996). In Vicars, the court agreed with the majority view that consideration of non-title 11 law must be "substantial and material". Id. The court further reviewed other court conclusions as to what constitutes a "substantial and material consideration." The interpretations run the gamut, ranging from the most broad interpretation in which a "proceeding [that] merely 'presents a non-title 11 federal question which will affect the

¹ In his Motion for Conference, the Trustee specifically indicated that "[i]nformation relating to the Trustee's response to the factors' ordinary course of business affirmative defense claims will also relate to potential additional *antitrust causes of action to be brought by the Trustee.*" See Motion for Conference at Para. 6 (emphasis added). Additionally, just one day after filing his Withdrawal Response, the Trustee filed the Motion to Employ. In the Motion to Employ, the Trustee states that he has a "need for a law firm with expertise and experience in the area of antitrust law." See Motion to Employ, ¶4. The Trustee goes on to say that Baker & Hostetler LLP is necessary to assist in "analyzing potential separate antitrust issues". See Motion to Employ, ¶4.

outcome of the proceeding” meets the test, Id. (citing Contemporary Lithographers, Inc. v. Hibbert (In re Contemporary Lithographers), 127 B.R. 122, 127 (M.D.N.C.1991)), to the most restrictive cases, which required that “non-title 11 issues ‘dominate[]’ bankruptcy issues,” Id. (citing In re Lenard, 124 B.R. 101, 102 (D.Colo.1991), or were proceedings that “presented a conflict between statutes, a question of first impression, or a constitutional challenge.” Id. (citing In re Adelphi Institute, 112 B.R. 534, 537 (S.D.N.Y.1990)). The majority of courts require “more than the mere application of well-settled or ‘hornbook’ non-bankruptcy law” or “significant interpretation of the non-[Bankruptcy] Code statute.” Id. (internal citations omitted).

The interpretation of the mandatory withdrawal provision of §157 has led to some disagreement between courts. The minority view requires that the proceeding to involve substantial and material consideration of title 11 law as well as non-title 11 law. In re Am. Freight Sys., 150 B.R. 790, 793 (D.Kan.1993) (internal citations omitted). The majority view diminishes the importance of substantial and material consideration of title 11 issues before mandatory withdrawal “undermines the intent of Congress” by essentially providing that “[a] significant issue of non-[Bankruptcy] Code law, intended for district courts to decide, would not be subject to mandatory withdrawal simply because an accompanying significant issue of [Bankruptcy] Code law, intended for the bankruptcy courts to decide, was not presented.” Id. Particularly relevant to these Adversary Proceedings is the Vicars’ Court observation regarding antitrust complaints.

[I]t would be somewhat anomalous to require withdrawal of a proceeding that contains, say, both title 11 and complex antitrust interpretation issues, but leaves to the bankruptcy court those cases or proceedings that require complex analysis of the antitrust statutes alone.

Vicars, 96 F.3d at 453. Accordingly, the majority view provides that “substantial and material consideration of a title 11 issue is not a prerequisite to mandatory withdrawal.” Id. (internal citations omitted). These cases support Congress’ intent that title 11 issues remain with bankruptcy judges and that “significant issues involved in applying other federal statutory schemes [be] withdrawn to the district courts.” In re Am. Freight Sys., 150 B.R. at 794.

The Trustee cites the Vicars court as requiring a narrow approach in application of the mandatory withdrawal provisions of §157(d). However, upon close inspection of the citation relied upon by the Trustee, 96 F.3d at 953, the Vicars court is merely analyzing existing case law prior to making its decision. See, Withdrawal Response, p. 4. The Vicars court ultimately determined that it “believe[s] the proper approach to mandatory withdrawal analysis lies in the middle of this spectrum.” Vicars, 96 F.3d at 953. Nonetheless, the injection of the Antitrust Claims as rebuttal arguments warrants mandatory withdrawal under any analysis.

The Trustee alleges that any discussions between factors relating to the creditworthiness of clients “may be anti-competitive, and they may be collusive.” See Withdrawal Response, p. 4. The Trustee’s claim that payments made pursuant to allegedly “anti-competitive” or “collusive” behavior cannot have been made in the ordinary course raises a conflict between antitrust law and §547 of the Bankruptcy Code and accordingly will require “more than the mere application of well-settled or ‘hornbook’ non-bankruptcy law” or “significant interpretation of the non-[Bankruptcy] Code statute”. Vicars, 96 F.3d at 953. (internal citations omitted). Such an allegation serves to nullify the statutory defense provided by §547(c) of the Bankruptcy Code and

does not impact or otherwise interfere with the substantial benefits of the debtor's reorganization efforts -- these debtors are in liquidation in chapter 7. If antitrust law violations are to become a judicially-created exception to §547 as constructed by Congress, such exception should be the decision of an Article III Court.

Such a determination requires substantial and material consideration of non-title 11 law, namely, the Sherman and Clayton Acts, and will present a substantial and material effect on interstate commerce. 28 U.S.C. §157(d). The Adversary Proceedings, with the introduction of the Antitrust Claims, now contain significant issues of non-Bankruptcy Code law, specifically the Sherman and Clayton Acts. Determination of the Antitrust Claims in the context of these Adversary Proceedings is not only completely novel to the Bankruptcy Court, but also to the factoring industry as a whole. To GMAC CF's knowledge, there has never been an application of antitrust laws to the business methods, practices or policies of the factoring industry, and a determination on the Antitrust Claims will have an impact not only on these Adversary Proceedings, but also on the entire factoring and credit reporting industries and financial reporting sectors. Substantial and material non-bankruptcy issues? Indeed!

All of the statutory requirements for mandatory withdrawal under 28 U.S.C. §157(d) are met. GMAC CF has made a timely motion requesting withdrawal of the reference to the bankruptcy court and the claims for which it seeks withdrawal of the reference "require[] consideration of both title 11 and other laws of the United States regulating organizations or activities affecting interstate commerce", namely the Sherman and Clayton Acts. Mandatory withdrawal is appropriate under 28 U.S.C. §157(d) even if the court elects to follow the most restrictive interpretation of the "significant and

material” consideration of non-title 11 law, requiring that the “non-Title 11 issues dominate bankruptcy issues.” That is because a finding in favor of the Trustee on a rebuttal based on the Antitrust Claims will be determinative of the proceeding. As such, mandatory withdrawal pursuant to 28 U.S.C. §157(d) is appropriate. Furthermore, permitting the Antitrust Claims to be litigated, as the Trustee is clearly intending to do through these Adversary Proceedings, is in direct conflict with Congress’ intent that jurisdiction over significant issues of non-Bankruptcy Code law be retained by the district courts. In re Am. Freight Sys., 150 B.R. at 793.

The Antitrust Claims are outside of the jurisdiction of the Bankruptcy Court and, consistent with the intent of Congress, therefore, the Adversary Proceedings should be removed to the District Court. See, In re Am. Freight Sys., 150 B.R. at 793.

B. The Court Should Exercise Its Discretion to Withdraw the Reference Pursuant to the Permissive Withdrawal Provisions of 28 U.S.C. §157(d)

GMAC CF did not use the threat of appeal as its basis for “cause shown” required under the “permissive” withdrawal provisions of §157(d). Rather, GMAC CF submits that withdrawal of the reference will serve to “expedit[e] the bankruptcy process” and “foster[] the economical use of the debtors’ and creditors’ resources” by permitting more efficient adjudication of the entirety of the Adversary Proceedings, including the Antitrust Claims, as it is likely that, given the potentially industry-wide impact resulting from the determination of these issues, appeals are very likely to follow by either party, not only GMAC CF. In re Pruitt, 910 F.2d 1160, 1168. (3d Cir. 1990). Because Bankruptcy Court orders are appealed in the first instance to the District Courts and then to the Circuit Courts, any decisions relating to the Antitrust Claims in the Bankruptcy

Court adds an unnecessary layer of litigation, expense and delay to the final determination of these issues.

An additional consideration, although not a requirement, is whether the claims at issue are core or non-core matters. GMAC CF asserts that the Adversary Proceedings are rendered non-core as a result of the Trustee's rebuttal that the Antitrust Claims negate GMAC CF's ordinary course of business defense. See Motion of GMAC Commercial Finance LLC for Determination that Claims are Non-Core, filed with the Bankruptcy Court on August 15, 2007 and attached hereto as Exhibit A.

If this court determines that mandatory withdrawal is not appropriate, it would be a sound exercise of judicial discretion to withdraw the reference of the Adversary Proceedings.

C. Alternatively, the Court Should Exercise its Discretion to Withdraw the Antitrust Rebuttal Pursuant to the Discretionary Withdrawal Provisions of 28 U.S.C. § 157(d)

Alternatively, if this Court determines that the entirety of the Adversary Proceedings are not appropriate for withdrawal under 28 U.S.C. §157(d), GMAC CF respectfully requests that the portion of the Adversary Proceedings dealing with the Antitrust Claims be withdrawn and heard by the District Court. Section 157(d) provides for the withdrawal of any "part" of a case, for cause shown. 28 U.S.C. §157(d). For the reasons set forth above, cause exists for withdrawal of the Antitrust Claims.

II. CONCLUSION

For all of the foregoing reasons, there is sufficient cause under either the mandatory or discretionary withdrawal provisions of 28 U.S.C. §157(d) to immediately withdraw the reference with respect to the Adversary Proceedings. Alternatively, if this

Court determines not to withdraw the reference with respect to the whole of the Adversary Proceedings, cause exists to withdraw the portion of the Adversary Proceedings dealing with the Antitrust Claims. Accordingly, Defendant GMAC CF respectfully submits that the Court should grant its Motion for Withdrawal of the Reference pursuant to 28 U.S.C. §157(d) and Fed. R. Bankr. P. 5011.

Dated: September 14, 2007
Wilmington, Delaware

EDWARDS ANGELL PALMER & DODGE LLP

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EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
FACTORY 2-U STORES, INC. a/k/a)	Chapter 7
FACTORY 2-U f/a/k/a GENERAL TEXTILES,)	
INC., f/a/k/a GENERAL TEXTILES, f/a/k/a)	Case No. 04-10111 (PJW)
FAMILY BARGAIN CORPORATION, f/a/k/a)	
FAMILY BARGAIN CENTER,)	
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Debtor.)	
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JEOFFREY L. BURTCH,)	
Chapter 7 Trustee)	
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Plaintiff)	
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ACCESSORY NETWORK GROUP, LLC)	Adv. No. 06-50378
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WIESNER PRODUCTS, INC.)	Adv. No. 06-50365
GMAC COMMERCIAL FINANCE LLC)	
)	
Defendants.)	

**MOTION OF DEFENDANT GMAC COMMERCIAL
FINANCE LLC'S FOR DETERMINATION
THAT CLAIMS AGAINST DEFENDANT ARE NON-CORE**

COMES NOW Defendant GMAC Commercial Finance LLC ("GMAC CF"), pursuant to Del. Bankr. LR 5011-1, and move this Court to determine that the Trustee's rebuttal to GMAC CF's section 547(c) ordinary course of business defense is non-core for those reasons more fully set forth in its Memorandum in Support of Motion of Defendant for Determination

that Claims are Non-Core, filed contemporaneously herewith and expressly incorporated herein by reference.

Dated: August 16, 2007
Wilmington, Delaware

EDWARDS ANGELL PALMER & DODGE LLP

/s/ Denise Seastone Kraft

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
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FAMILY BARGAIN CORPORATION, f/a/k/a)
FAMILY BARGAIN CENTER.)

Debtor.

JEOFFREY L. BURTCH,
Chapter 7 Trustee

Plaintiff

 Ψ

ACCESSORY NETWORK GROUP, LLC)
a/k/a ACCESSORY NETWORK GROUP) Adv. No. 06-50378
GMAC COMMERCIAL FINANCE LLC)

ALL-WAYS SPORTSWEAR, LTD.) Adv. No. 06-50035
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Defendants.)	

**MEMORANDUM IN SUPPORT OF MOTION OF DEFENDANT
GMAC COMMERCIAL FINANCE LLC FOR DETERMINATION
THAT CLAIMS ARE NON-CORE**

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I. INTRODUCTION

GMAC Commercial Finance LLC ("GMAC CF") hereby requests that the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") determine that the injection of antitrust issues, including alleged violations of the Sherman and Clayton Acts, into these preference actions by Jeffrey L. Burch as chapter 7 trustee (the "Trustee" or "Plaintiff") as a rebuttal to GMAC CF's ordinary course of business defense, made pursuant to section 547(c)(2) of title 11 of the United States Code (as amended, the "Bankruptcy Code") has turned these previously core proceedings into non-core proceedings.

Concurrently with the filing of the instant motion, GMAC CF has also filed with the Bankruptcy Court a Motion to Withdraw the Reference (the "Withdrawal Motion") in this action pursuant to 28 U.S.C. §157(d).

II. STAGE OF PROCEEDINGS AND STATEMENT OF FACTS

In or about December, 2005 and January, 2006, the Trustee filed approximately 17 adversary proceedings (each an "Adversary Proceeding" and collectively, the "Adversary Proceedings") against GMAC CF and each of above-captioned co-defendants (collectively, the "Defendants") by filing complaints pursuant to sections 547 and 550 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). Thereafter, on or about September 19, 2006, GMAC CF filed an Answer together with its Affirmative Defenses in each of the Adversary Proceedings. Among the affirmative defenses raised by GMAC CF was the ordinary course of business defense pursuant to section 547(c)(2) of the Bankruptcy Code.

The Adversary Proceedings have been consolidated for discovery and administrative purposes. Subsequent to the close of discovery in the Adversary Proceedings, and in the course

of recent communications with the Trustee's counsel, on August 9, 2007, GMAC CF learned for the first time that the Plaintiff intends to inject antitrust issues into these preference cases by alleging, as part of its rebuttal case, that GMAC CF engaged in anti-competitive actions in violation of antitrust laws, including alleged violations of the Sherman and Clayton Acts. Accordingly, the Trustee intends to litigate issues arising from applicable federal anti-trust laws in each of the Adversary Proceedings.

On August 15, 2007, the Trustee filed two separate motions relating to his intention to litigate antitrust laws, (1) the Trustee's Motion Pursuant to 11 U.S.C. § 105(d) for a Status Conference in Connection with Certain Pending Adversary Proceedings (the "Motion for Conference"); and (2) the Trustee's Motion for Expedited Consideration of Motion Pursuant to 11 U.S.C. § 105(d) for a Status Conference in Connection with Certain Pending Adversary Proceedings ("Motion to Expedite"). See Exhibits "A" and "B" attached hereto and incorporated herein. In fact, the Motion for Conference alleges that actions of the factors, such as GMAC CF, amounted to anti-competitive activities such that payments made during the preference period cannot be categorized as occurring in the "ordinary course of business." See Exhibit A at Para. 5. The Motion for Conference further states that "the Factor Preference Actions have developed into matters far more complex than typical or 'run of the mill' Section 547 proceeding[s]. Information relating to the Trustee's response to the factors' ordinary course of business affirmative defense claims will also relate to potential additional antitrust causes of action to be brought by the Trustee." See Motion to Expedite at Para. 6.

III. ARGUMENT

"Core proceedings" include those involving administration or claims against the estate; proceedings brought to determine, avoid, or recover preferences; liens; and liquidation of assets. See 28 U.S.C. § 157(b)(2)(A), (B), (C), (F), (K) & (O). "A proceeding is core under §157 if it

invokes a substantive right provided by Title 11 or if it is a proceeding that, by its nature, could arise only in the context of a bankruptcy case." Torkelsen v. Maggio (In re Guild and Gallery Plus, Inc.), 72 F.3d 1171, 1178 (3d Cir.1996) (quoting In re Marcus Hook Dev. Park Inc., 943 F.2d 261, 267 (3d Cir.1991)). "If the proceeding does not invoke a substantive right created by the federal bankruptcy law and is one that could exist outside of bankruptcy it is not a core proceeding; it may be *related* to the bankruptcy because of its potential effect, but under §157(c)(1) it is an 'otherwise related' or non-core proceeding." In re Wood, 825 F.2d 90 (5th Cir. 1987.)

Through discovery recently produced by the Trustee to GMAC CF, a newly-raised rebuttal argument by the Trustee to GMAC CF's 547(c)(2) ordinary course defense, and the Trustee's Motion for Conference and Motion to Expedite, it has become clear that the Trustee intends to present and litigate an antitrust case in each of the Adversary Proceedings, including allegations that GMAC CF allegedly engaged in violations of the Sherman Act (15 U.S.C. § 1) and Clayton Act (15 U.S.C. § 26), both of which are statutes of the United States regulating organizations or activities affecting interstate commerce. While the original claims asserted in the Adversary Proceedings under sections 547 and 550 of the Bankruptcy Code are core proceedings, the Trustee's recent injection of antitrust laws and issues now morphs these ordinary preference actions into non-core proceedings that properly belong before the District Court. Claims for violation of the Sherman Act and Clayton Act does not invoke a substantive right created by bankruptcy. In addition, these claims can (and do) exist outside of bankruptcy because of the implication of other federal laws. Therefore, these cases are no longer core proceedings.

IV. CONCLUSION

Since the Trustee has now injected antitrust issues and antitrust federal laws into these ordinary preference cases in an effort to rebut GMAC CF's section 547(c) ordinary course of business defense, these Adversary Proceedings are no longer core proceedings and GMAC CF respectfully moves this Honorable Court to enter an order pursuant to Del. Bankr. LR 5011-1 determining that the Adversary Proceedings are non-core and granting such other and further relief as the Court deems just and appropriate.

Dated: August 16, 2007
Wilmington, Delaware

EDWARDS ANGELL PALMER & DODGE LLP

/s/ Denise Seastone Kraft

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dkraft@eapdlaw.com
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Counsel for GMAC Commercial Finance LLC

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

FACTORY 2-U STORES, INC., a/k/a
FACTORY 2-U, f/a/k/a GENERAL
TEXTILES, INC., f/a/k/a GENERAL
TEXTILES, f/a/k/a FAMILY BARGAIN
CORPORATION, f/a/k/a FAMILY
BARGAIN CENTER,

Debtor.

JEFFREY L. BURTCH,
CHAPTER 7 TRUSTEE,

Plaintiff,

v.

LEEMO USA INC./
HSBC BUSINESS CREDIT (USA) INC.,

LOTUS APPAREL INC./
FINANCE ONE INC.,

MYSTIQUE APPAREL GROUP INC./
CIT GROUP INC.,

PORTICO APPAREL LP/
CIT GROUP, INC.,

S.A.S.C.O. TRADING INC./
HSBC BUSINESS CREDIT (USA) INC.,

SNOOP DOGG CLOTHING, AKNY INC./
CIT GROUP, INC.,

WOODS & GRAY LTD./
CIT GROUP, INC.,

KS TRADING CORP./
CIT GROUP, INC.,

Chapter 7

Case No. 04-10111 (PJW)

Adv. Proc. Nos.

05-30002 (KJC)

05-30057 (KJC)

05-30065 (KJC)

05-30086 (KJC)

05-30091 (KJC)

05-30098 (KJC)

05-30133 (KJC)

05-30192 (KJC)

JOHN PAUL RICHARD/ CIT GROUP, INC.,	)	05-30197 (KJC)
)	
NEW TECHNICAL GROUP, INC./ CIT GROUP, INC.,	)	05-30246 (KJC)
)	
SECOND GENERATION INC./ CONTINENTAL BUSINESS CREDIT, INC.,	)	05-30471 (KJC)
)	
DECOLINE INTERNATIONAL, INC./ HSBC BUSINESS CREDIT (USA) INC.,	)	05-30474 (KJC)
)	
MDR CLOTHING, INC., ALMOST NOTHING, INC./ CONTINENTAL BUSINESS CREDIT INC.,	)	05-30673 (KJC)
)	
INNOVATIVE COSMETICS CONCEPTS L.L.C./ CIT GROUP INC./COMMERCIAL SERVICES, INC.,	)	05-52559 (KJC)
)	
G III APPAREL GROUP, LTD.,	)	05-52582 (KJC)
)	
YG DESIGNS INC./ HSBC BUSINESS CREDIT (USA) INC.,	)	05-52668 (KJC)
)	
YOU AND ME LEGWEAR LLC, SEATTLE PACIFIC INDUSTRIES, INC./ HSBC BUSINESS CREDIT (USA) INC.,	)	05-52669 (KJC)
)	
WEEPLAY KIDS L.L.C./ CIT GROUP INC./COMMERCIAL SERVICES, INC.,	)	05-52671 (KJC)
)	
SELECT CLOTHING CO., INC./ CIT GROUP INC/ COMMERCIAL SERVICES, INC.,	)	05-52697 (KJC)
)	
RANDAZZO ENTERPRISES, LLC d/b/a SUNSHINE HOME PRODUCTS/ CIT GROUP INC/COMMERCIAL SERVICES, INC.,	)	05-52721 (KJC)
)	
ALWAYS HAPPY SPORTSWEAR INC./ CIT GROUP/BUSINESS CREDIT, INC.,	)	05-52773 (KJC)
)	
GLOBAL MERCHANDISE LLC/	)	05-52993 (KJC)

GENERAL BUSINESS CREDIT,)	
J&L FOOTWEAR INC./)	
CIT GROUP, INC.,	)	05-53016 (KJC)
MOSHAY INC./)	
CIT GROUP INC./COMMERCIAL	)	05-53032 (KJC)
SERVICES, INC.,)	
FRANSHAW, INC./)	
CIT GROUP INC./COMMERCIAL	)	05-53047 (KJC)
SERVICES, INC.,)	
DAVID'S PLACE OFF PRICE)	
CLOTHING CO., INC./	)	05-53060 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
ROYAL ITEMS, INC./)	
CIT GROUP INC./COMMERCIAL	)	05-53118 (KJC)
SERVICES, INC.,)	
PARAMOUNT APPAREL, LTD. f/k/a)	
USA AMICO, LTD./	)	05-53120 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
SMART INVENTIONS INC./)	
CIT GROUP INC./COMMERCIAL	)	05-53123 (KJC)
SERVICES, INC.,)	
SAMSUNG AMERICA INC./)	
CIT GROUP INC./COMMERCIAL	)	05-53205 (KJC)
SERVICES, INC.,)	
CHERRY STIX LTD., CHERRY STIX)	
KIDS, LTD./	)	06-50018 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
CACTUS TRADING, INC., REVERE)	
TEXTILE COMPANY, INC./	)	06-50019 (KJC)
GE CAPITAL COMMERCIAL SERVICES,)	
INC./CIT GROUP INC./)	
COMMERCIAL SERVICES, INC.,)	

CROWN CRAFTS INFANT PRODUCTS, INC./ CIT GROUP INC./COMMERCIAL SERVICES, INC.	) ) ) ) )	06-50020 (KJC)
CELEBRITY INTERNATIONAL INC./ FIDELITY FACTORS, L.L.C./ CIT GROUP INC./COMMERCIAL SERVICES, INC.,	) ) ) ) )	06-50021 (KJC)
BILLION TOWER INTERNATIONAL LLC HSBC BUSINESS CREDIT (USA) INC./ CIT GROUP, INC./COMMERCIAL SERVICES, INC.,	) ) ) ) )	06-50082 (KJC)
ANDREWS SPORT CLUB, INC./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50161 (KJC)
BARON DISTRIBUTORS, INC./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50162 (KJC)
BENTEX GROUP, INC./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50163 (KJC)
BREAKER JEANSWEAR CORP. d/b/a JALATE LTD./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50165 (KJC)
DIVISION SIX SPORTS, INC./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50166 (KJC)
DORAN LOREN L.L.C./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50167 (KJC)
MIDTOWN CLOSEOUT, INC./ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50171 (KJC)
MIRTH INC. d/b/a COUGAR INTERNATIONAL/ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50172 (KJC)
MJT IMPORTS CORPORATION/ CIT GROUP INC./CMS, INC.,	) ) ) ) )	06-50173 (KJC)
PACO SPORT, LTD./ CIT GROUP INC./COMMERCIAL	) ) ) ) )	06-50175 (KJC)

SERVICES, INC.,)	
PAN OCEANIC GROUP, INC, PANO)	
OFF PRICE, LTD./	)	06-50176 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC./GE CAPITAL)	
COMMERCIAL SERVICES, INC.,)	
TARGET RESOURCES, INC./	)	06-50179 (KJC)
CIT GROUP/CMS, INC.,)	
IFG CORPORATION/	)	06-50200 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
PANTIES PLUS, INC./	)	06-50207 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
ALLIANCE WHOLESALE CORP./	)	06-50215 (KJC)
GE CAPITAL COMMERCIAL SERVICES,)	
INC./CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
ALONA APPAREL INC. a/k/a POSITANO/	)	06-50218 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
PUZZLES ENTERPRISES, INC./	)	06-50221 (KJC)
L.A. MAIN CONNECTION, INC.,)	
ACCESS BASIC BLUE JEANS CORP./	)	06-50223 (KJC)
HANA FINANCIAL, INC.,)	
AMEREX GROUP, INC. d/b/a	)	06-50228 (KJC)
AMEREX OF CALIFORNIA CORP./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
AMERICAN BASICS CO., L.L.C. a/k/a	)	06-50229 (KJC)
ABC/CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
GLENOIT UNIVERSAL, LTD.,	)	06-50231 (KJC)
GLENOIT L.L.C./)	
CIT GROUP INC./COMMERCIAL)	

SERVICES, INC.,)	
GINA HOSIERY, LTD./)	
CIT GROUP INC./COMMERCIAL	)	06-50232 (KJC)
SERVICES, INC.,)	
GARY STEINER SALES, INC./)	
CIT GROUP INC./COMMERCIAL	)	06-50233 (KJC)
SERVICES, INC.,)	
GLOBAL GOLD, INC., GLOBAL)	
APPAREL, L.L.C., PLANET GOLD	)	06-50237 (KJC)
CLOTHING COMPANY INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
M. HIDARY & COMPANY INC./)	
CIT GROUP INC./COMMERCIAL	)	06-50238 (KJC)
SERVICES, INC.,)	
H.G. HOSIERY ASSOCIATES, INC./)	
CIT GROUP INC./COMMERCIAL	)	06-50240 (KJC)
SERVICES, INC.,)	
HAMCO, INC./)	
CIT GROUP INC./COMMERCIAL	)	06-50243 (KJC)
SERVICES, INC.,)	
HARVIC INTERNATIONAL LTD./)	
CIT GROUP INC./COMMERCIAL	)	06-50244 (KJC)
SERVICES, INC.,)	
HEMISPHERE WORLDWIDE SALES, INC./)	
GE CAPITAL COMMERCIAL SERVICES,	)	06-50245 (KJC)
INC./CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
PANDELCO, INC. d/b/a L.A. MOVERS/)	
CIT GROUP INC./ COMMERCIAL	)	06-50251 (KJC)
SERVICES, INC.,)	
LUGGAGE AMERICA, INC. d/b/a)	
OLYMPIA INTERNATIONAL/	)	06-50255 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	

KAKTUS SPORTSWEAR, INC./	)	06-50270 (KJC)
HSBC BUSINESS CREDIT (USA) INC.,)	
)	
REVERE MILLS, INC./	)	06-50272 (KJC)
CIT GROUP, INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
SARAMAX APPAREL GROUP, INC./	)	06-50274 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
TREVCO, INC.,	)	06-50277 (KJC)
)	
USA TEASE INC., SRA APPAREL, INC.,	)	06-50292 (KJC)
SRA APPAREL CORP./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
GMA ACCESSORIES, INC. d/b/a	)	06-50296 (KJC)
CAPELLI OF NY, CAPELLI OF)	
NEW YORK, INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
RIGO INTERNATIONAL, INC./	)	06-50297 (KJC)
HSBC BUSINESS CREDIT (USA) INC.,)	
)	
SCOPE IMPORTS INC., SCOPE	)	06-50299 (KJC)
APPAREL, L.P./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
VAN DALE INDUSTRIES, INC.,	)	06-50304 (KJC)
)	
TIP TOP PANTS, INC. a/k/a	)	06-50323 (KJC)
TIP TOP PANT INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
CHF INDUSTRIES, INC.,	)	06-50327 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
IN 7 CLOTHING, INC., IN 7	)	06-50328 (KJC)
CLOTHING CO., INC./)	
CIT GROUP INC./COMMERCIAL)	

SERVICES, INC.,)	
INNOVO INC., INNOVO GROUP, INC./	)	06-50333 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
INTERTEX APPAREL LTD./	)	06-50338 (KJC)
GE CAPITAL COMMERCIAL)	
SERVICES, INC./CIT GROUP INC./)	
COMMERCIAL SERVICES, INC.,)	
PERFECT FIT INDUSTRIES, INC./	)	06-50370 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
M.R.S., INC. d/b/a CARESSE	)	06-50373 (KJC)
LINGERIE, CARESSE LINGERIE, INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
RAIDER JEAN, L.L.C., MARKO APPAREL	)	06-50377 (KJC)
OF NEW YORK LTD. d/b/a)	
RAIDER JEAN COMPANY/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
ALBERT ASSOR d/b/a COCONUT GROVE	)	06-50381 (KJC)
DESIGN, ADABERPI CORP. d/b/a)	
COCONUT GROVE DESIGN/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
GOLDEN TOO, INC., PLANET GOLD	)	06-50382 (KJC)
CLOTHING COMPANY, INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
JUST FOR WRAPS, INC., d/b/a	)	06-50384 (KJC)
WRAPPER, JUST FOR WRAPS/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
TURN ON PRODUCTS, INC. d/b/a	)	06-50390 (KJC)
YOUNIQUE CLOTHING CO./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	

AMERICAN LIGHTING INDUSTRY INC.	)	06-50392 (KJC)
a/k/a AMERICAN LIGHTING USA/)	
RTA FURNITURE OF AMERICA/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
TRANSCO MERCHANDISE, INC. a/k/a	)	06-50395 (KJC)
TRANSCO TRADING, TRANSCO TRADING)	
CO., TRANSCO TRADING CORP.,)	
TRANSCO IMPORTS CORP./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
BMGM CO., L.L.C. d/b/a	)	06-50398 (KJC)
HONEYCOMB KIDS/)	
GMAC COMMERCIAL FINANCE L.L.C./)	
CIT GROUP INC./ COMMERCIAL)	
SERVICES, INC.,)	
STRETCH-O-RAMA, INC., d/b/a	)	06-50399 (KJC)
LONGSTREET, KIDSZONE CLOTHING CO.,)	
NASCAR, SAHARA, GENUINE SCHOOL)	
UNIFORM, MIDTOWN CLOSEOUTS,)	
PRIMARY/CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
LILY BLEU, INC. D/B/A LILY BLEU,	)	06-50400 (KJC)
KIM & CAMI PRODUCTIONS INC./)	
SUNTRUST BANKS, INC.,)	
AMERICAN CHARACTER CLASSICS INC.,	)	06-50430 (KJC)
MAMIYE BROTHERS INC.)	
a/k/a MAMIYE SALES/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
GOLD MEDAL HOSIERY CO.,	)	06-50431 (KJC)
PREGER AND WERTENTEIL INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
SOLED OUT SOCKS INC. /	)	05-30100 (KJC)
GMAC COMMERCIAL CREDIT,)	
FAST FORWARD, LLC /	)	05-30156 (KJC)

06-50378 (KJC)	) ACCESSORY NETWORK GROUP, LLC A/K/A
06-50365 (KJC)	) GMAC COMMERCIAL FINANCE L.L.C.,
06-50298 (KJC)	) WIESNER PRODUCTS, INC. /
06-50246 (KJC)	) GMAC COMMERCIAL FINANCE L.L.C.,
06-50220 (KJC)	) RK INDUSTRIES INC. /
06-50132 (KJC)	) GMAC COMMERCIAL FINANCE L.L.C.,
06-50041 (KJC)	) HAYWIN TEXTILE PRODUCTS, INC. /
06-50035 (KJC)	) INC. / GMAC COMMERCIAL FINANCE L.L.C.,
06-50004 (KJC)	) AMERICAN MARKETING ENTERPRISES,
05-53237 (KJC)	) GMAC COMMERCIAL FINANCE L.L.C.,
05-30479 (KJC)	) OUTERSTUFF, LTD. /
05-30477 (KJC)	) GMAC COMMERCIAL FINANCE L.L.C.,
05-30476 (KJC)	) GREAT WALL CORP. /
05-30463 (KJC)	) GMAC COMMERCIAL FINANCE L.L.C.,
	) ALL-WAYS SPORTSWEAR, LTD. /
	) GMAC COMMERCIAL FINANCE L.L.C.,
	) E-BABY L.L.C. /
	) ISAAC MORRIS, LTD. D/B/A E BABY,
	) GMAC COMMERCIAL FINANCE L.L.C.,
	) ISAAC MORRIS, LTD.
	) GMAC COMMERCIAL FINANCE L.L.C.,
	) PARK B. SMITH SR. /
	) JOHNSON AND D/B/A PARK B. SMITH LTD.,
	) PARK B. SMITH INC. D/B/A SMITH AND
	) GMAC COMMERCIAL FINANCE L.L.C.,
	) ATLANTIC HOSIERY, INC. /
	) GMAC COMMERCIAL FINANCE L.L.C.,
	) STAR REGENT INTERNATIONAL INC. /
	) STAR REGENT APPAREL, INC.,
	) GMAC COMMERCIAL FINANCE L.L.C.,
	) SILVER GOOSE, INC. /
	) GMAC COMMERCIAL FINANCE,

ACCESSORY NETWORK GROUP /)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
AMICA APPAREL CORP. D/B/A	)	06-50379 (KJC)
SQUEEZE KIDS /)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
STYLE N DESIGN, INC. and	)	05-30464 (KJC)
STERLING FACTORS CORPORATION,)	
)	
PACIFIC TEAZE and	)	06-50135 (KJC)
STERLING FACTORS CORPORATION,)	
)	
CELEBRATION TRADING, INC.	)	05-30746 (KJC)
CELEBRATION II, INC., d/b/a)	
CELEBRATION TRADING, INC.)	
SALES EXCHANGE, INC. d/b/a)	
CELEBRATION TRADING, INC.)	
and STERLING FACTORS CORPORATION,)	
)	
TKO ORIGINALS LTD A/K/A	)	06-50367 (KJC)
TKO ORIGINALS LTD)	
and LES ORIGINAUX TKO LTD)	
and STERLING FACTORS CORPORATION,)	
)	
NATCO PRODUCTS CORPORATION AND	)	06-50085 (KJC)
MILBERG FACTORS INC.,)	
)	
M ARON CORPORATION AND	)	05-30067 (KJC)
MILBERG FACTORS INC.,)	
)	
A.L.T. SPORTSWEAR, INC. AND	)	05-30669 (KJC)
MILBERG FACTORS INC.,)	
)	
KIDS HEADQUARTERS INC. A/K/A	)	06-50429 (KJC)
KIDS HEADQUARTERS,)	
WEAR ME APPAREL CORP., AND)	
MILBERG FACTORS INC.,)	
)	
LOUISE PARIS, LTD. AND	)	06-50366 (KJC)
MILBERG FACTORS INC.,)	
)	
SML SPORT LTD. AND	)	05-52694 (KJC)
MILBERG FACTORS INC.,)	
)	
MADISON INDUSTRIES, INC. AND	)	06-50342 (KJC)

MILBERG FACTORS INC.,)	
GARLAND SALES, INC. AND	)	06-50040 (KJC)
MILBERG FACTORS INC.,)	
JDR APPAREL GROUP, L.L.C. and	)	05-30750 (KJC)
HSBC BUSINESS CREDIT (USA) INC.,)	
JERRY LEIGH OF CALIFORNIA INC.	)	05-30752 (KJC)
JERRY LEIGH ENTERTAINMENT)	
APPAREL INC. and HSBC BUSINESS CREDIT)	
(USA) INC.,)	
ALMAR SALES COMPANY INC. D/B/A	)	06-50033 (KJC)
ASC PROMOTIONS and HSBC BUSINESS)	
CREDIT (USA) INC.,)	
AMBRISPORT, L.L.C. and HSBC BUSINESS	)	06-50034 (KJC)
CREDIT (USA) INC.,)	
THE NORTHWEST COMPANY INC. D/B/A	)	06-50174 (KJC)
WILMINGTON PRODUCTS USA, INC.)	
and HSBC BUSINESS CREDIT (USA) INC.,)	
FUNNY EXPRESSIONS, INC. and	)	06-50235 (KJC)
and HSBC BUSINESS CREDIT)	
(USA) INC.,)	
FASHION OPTION INC. D/B/A GENERATION	)	06-50045 (KJC)
ONE APPAREL, INC. /)	
ROSENTHAL & ROSENTHAL INC.,)	
MICHAEL'S NEW YORK JEAN CO. INC.	)	05-30063 (KJC)
CAPITAL FACTORS,)	
CHOICE APPAREL, INC.	)	05-30148 (KJC)
CAPITAL FACTORS,)	
BY DESIGN, LLC	)	05-30457 (KJC)
CAPITAL FACTORS, INC.,)	
DESIRE SPORTSWEAR, INC.	)	05-30460 (KJC)
CAPITAL FACTORS, INC.,)	
I-FE APPAREL, INC.	)	05-53037 (KJC)
CAPITAL FACTORS, LLC,)	

MILANO MANHATTAN, LTD.	)	06-50049 (KJC)
CAPITAL FACTORS, INC.,)	
)	
TRENDS CLOTHING CORP.	)	06-50275 (KJC)
CAPITAL FACTORS, INC.,)	
)	
INDULGENCE JEANS/TRENDY LOOKS	)	05-30748 (KJC)
CAPITAL FACTORS, INC.,)	
)	
Defendants.)	

**TRUSTEE'S MOTION PURSUANT TO 11 U.S.C. §105 (d) FOR A STATUS
CONFERENCE IN CONNECTION WITH CERTAIN PENDING ADVERSARY
PROCEEDINGS**

Jeffrey L. Burch, Chapter 7 Trustee (the "Trustee" and/or "Plaintiff") for the estate of Factory 2-U Stores, Inc. (the "Debtor" and/or "Factory 2-U"), pursuant to 11 U.S.C. § 105 (d), hereby moves this Court to conduct a general status conference regarding the above-captioned adversary proceedings in order to address recent developments affecting these matters and their respective pretrial schedules. Trustee's Counsel has been advised that if the Court is amenable to conducting a 105 (d) status conference, it may occur on August 23, 2007 at 3:30 p.m. The purpose of this Motion, for which the Trustee seeks expedited consideration, is to request the conference and to advise the Court and Defendants of the subjects that the Trustee respectfully requests be addressed. In support thereof, the Trustee states as follows:

1. On January 13, 2004 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

2. This case converted to an action under Chapter 7 on January 27, 2005.

Jeffrey L. Hurch was appointed as Interim Trustee on January 27, 2005 pursuant to Section 701 of the Bankruptcy Code and is serving as the Trustee of this Estate pursuant to Section 702(d) of the same.

3. Beginning in October 2005, over 800 preference proceedings were filed by the Trustee. Plaintiff requests a status conference for approximately 140 of the still pending actions, all of which involve a "factor" named as at least one of the Defendants (the "Factor Preference Actions").

4. Information has developed that affects the pretrial schedules for the Factor Preference Actions. The factor defendants have consistently produced in discovery little to no communications with the Debtor or co-defendants and other factor defendants. The Trustee has found amidst the approximately 5000 boxes of information placed in storage by the Debtor approximately six boxes that contained computer back-up tapes. The box descriptions did not indicate that computer information was contained therein. The laborious, expensive process of uploading the information and reviewing it continues. The review has yielded many emails containing communications between factors and/or their vendors and Factory 2-U during the relevant time period concerning topics such as payment terms and credit lines. The Trustee respectfully submits that he has the right to obtain such relevant, important information from the factors and their vendors as part of the discovery process in these matters.


5. In addition, documents produced by one of the factors and information learned during a deposition reflect anti-competitive activities undertaken by the factors as a group such that payments during the preference period cannot be categorized as

occurring in the "ordinary course of business". The factors discussed subjects such as payment terms, credit lines, surcharges and requests for security such as letters of credit. These group activities exerted pressure on the Debtor in terms of its preference period payments. Further, this information may give rise to additional causes of action to be asserted by the Trustee on behalf of the estate against the factor defendants, such as claims based on violations of antitrust statutes.

6. It is respectfully submitted that the Factor Preference Actions have developed into matters far more complex than typical or "run of the mill" Section 547 proceeding. Information relating to the Trustee's response to the factors' ordinary course of business affirmative defense claims will also relate to potential additional antitrust causes of action to be brought by the Trustee. Accordingly, the Trustee has requested a status conference with the Court in order to provide a forum in which to address these developments and the most appropriate future proceedings in these matters.

Dated: August 15, 2007
Wilmington, Delaware

Respectfully submitted,



Ian Connor Bifferato (No. 3273)
Linda Richenderfer (No. 4138)
Garvan F. McDaniel (No. 4167)
BIFFERATO GENTILOTTI LLC
800 N. King Street, Plaza Level
Wilmington, DE 19801

-and-

/s/ Robert W. Pedigo

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George R. Tsakataras (No. 3911)
COOCH AND TAYLOR
824 Market Street, Suite 1000
Wilmington, DE 19801

*Co-Counsel for Plaintiff Jeffrey L.
Burich, Chapter 7 Trustee*

Exhibit B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

FACTORY 2-U STORES, INC., a/k/a
FACTORY 2-U, f/a/k/a GENERAL
TEXTILES, INC., f/a/k/a GENERAL
TEXTILES, f/a/k/a FAMILY BARGAIN
CORPORATION, f/a/k/a FAMILY
BARGAIN CENTER,

Debtor,

JEFFREY L. BURTON,
CHAPTER 7 TRUSTEE,

Plaintiff,

v.

LEEMO USA INC./
HSBC BUSINESS CREDIT (USA) INC.,

LOTUS APPAREL INC./
FINANCE ONE INC.,

MYSTIQUE APPAREL GROUP INC./
CIT GROUP INC.,

PORTICO APPAREL LP/
CIT GROUP, INC.,

S.A.S.C.O. TRADING INC./
HSBC BUSINESS CREDIT (USA) INC.,

SNOOP DOGG CLOTHING, AKNY INC./
CIT GROUP, INC.,

WOODS & GRAY LTD./
CIT GROUP, INC.,

KS TRADING CORP./
CIT GROUP, INC.,

Chapter 7

Case No. 04-10111 (PJW)

Adv. Proc. Nos.

05-30002 (KJC)

05-30057 (KJC)

05-30065 (KJC)

05-30086 (KJC)

05-30091 (KJC)

05-30098 (KJC)

05-30133 (KJC)

05-30192 (KJC)

JOHN PAUL RICHARD/ CIT GROUP, INC.,	)	05-30197 (KJC)
)	
NEW TECHNICAL GROUP, INC./ CIT GROUP, INC.,	)	05-30246 (KJC)
)	
SECOND GENERATION INC./ CONTINENTAL BUSINESS CREDIT, INC.,	)	05-30471 (KJC)
)	
DECOLINE INTERNATIONAL, INC./ HSBC BUSINESS CREDIT (USA) INC.,	)	05-30474 (KJC)
)	
MDR CLOTHING, INC., ALMOST NOTHING, INC./ CONTINENTAL BUSINESS CREDIT INC.,	)	05-30673 (KJC)
)	
INNOVATIVE COSMETICS CONCEPTS L.L.C./ CIT GROUP INC./COMMERCIAL SERVICES, INC.,	)	05-52559 (KJC)
)	
G III APPAREL GROUP, LTD.,	)	05-52582 (KJC)
)	
YG DESIGNS INC./ HSBC BUSINESS CREDIT (USA) INC.,	)	05-52668 (KJC)
)	
YOU AND ME LEGWEAR LLC, SEATTLE PACIFIC INDUSTRIES, INC./ HSBC BUSINESS CREDIT (USA) INC.,	)	05-52669 (KJC)
)	
WEEPLAY KIDS L.L.C./ CIT GROUP INC./COMMERCIAL SERVICES, INC.,	)	05-52671 (KJC)
)	
SELECT CLOTHING CO., INC./ CIT GROUP INC/ COMMERCIAL SERVICES, INC.,	)	05-52697 (KJC)
)	
RANDAZZO ENTERPRISES, LLC d/b/a SUNSHINE HOME PRODUCTS/ CIT GROUP INC./COMMERCIAL SERVICES, INC.,	)	05-52721 (KJC)
)	
ALWAYS HAPPY SPORTSWEAR INC./ CIT GROUP/BUSINESS CREDIT, INC.,	)	05-52773 (KJC)
)	

GLOBAL MERCHANDISE LLC/ GENERAL BUSINESS CREDIT,	)	05-52993 (KJC)
)	
J&L FOOTWEAR INC./	)	05-53016 (KJC)
CIT GROUP, INC.,)	
)	
MOSHAY INC./	)	05-53032 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
FRANSHAW, INC./	)	05-53047 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
DAVID'S PLACE OFF PRICE	)	05-53060 (KJC)
CLOTHING CO., INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
ROYAL ITEMS, INC./	)	05-53118 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
PARAMOUNT APPAREL, LTD. f/k/a	)	05-53120 (KJC)
USA AMICO, LTD./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
SMART INVENTIONS INC./	)	05-53123 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
SAMSUNG AMERICA INC./	)	05-53205 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
CHERRY STIX LTD., CHERRY STIX	)	06-50018 (KJC)
KIDS, LTD./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
CACTUS TRADING, INC., REVERE	)	06-50019 (KJC)
TEXTILE COMPANY, INC./)	
GE CAPITAL COMMERCIAL SERVICES,)	

INC./CIT GROUP INC./)	
COMMERCIAL SERVICES, INC.,)	
)	
CROWN CRAFTS INFANT	)	06-50020 (KJC)
PRODUCTS, INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.)	
)	
CELEBRITY INTERNATIONAL INC./	)	06-50021 (KJC)
FIDELITY FACTORS, L.L.C./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
BILLION TOWER INTERNATIONAL LLC	)	06-50082 (KJC)
HSEC BUSINESS CREDIT (USA) INC./)	
CIT GROUP, INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
ANDREWS SPORT CLUB, INC./	)	06-50161 (KJC)
CIT GROUP INC./CMS, INC.,)	
)	
BARON DISTRIBUTORS, INC./	)	06-50162 (KJC)
CIT GROUP INC./CMS, INC.,)	
)	
BENTEX GROUP, INC./	)	06-50163 (KJC)
CIT GROUP INC./CMS, INC.,)	
)	
BREAKER JEANSWEAR CORP. d/b/a	)	06-50165 (KJC)
JALATE LTD./)	
CIT GROUP INC./CMS, INC.,)	
)	
DIVISION SIX SPORTS, INC./	)	06-50166 (KJC)
CIT GROUP INC./CMS, INC.,)	
)	
DORAN LOREN L.L.C./	)	06-50167 (KJC)
CIT GROUP INC./CMS, INC.,)	
)	
MIDTOWN CLOSEOUT, INC./	)	06-50171 (KJC)
CIT GROUP INC./CMS, INC.,)	
)	
MIRTH INC. d/b/a COUGAR	)	06-50172 (KJC)
INTERNATIONAL/)	
CIT GROUP INC./CMS, INC.,)	
)	
MJT IMPORTS CORPORATION/	)	06-50173 (KJC)

CIT GROUP INC./CMS, INC.,)	
PACO SPORT, LTD./)	
CIT GROUP INC./COMMERCIAL	)	06-50175 (KJC)
SERVICES, INC.,)	
PAN OCEANIC GROUP, INC, PANO)	
OFF PRICE, LTD./	)	06-50176 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC./GE CAPITAL)	
COMMERCIAL SERVICES, INC.,)	
TARGET RESOURCES, INC./)	
CIT GROUP/CMS, INC.,	)	06-50179 (KJC)
IFG CORPORATION/)	
CIT GROUP INC./COMMERCIAL	)	06-50200 (KJC)
SERVICES, INC.,)	
PANTIES PLUS, INC./)	
CIT GROUP INC./COMMERCIAL	)	06-50207 (KJC)
SERVICES, INC.,)	
ALLIANCE WHOLESALE CORP./)	
GE CAPITAL COMMERCIAL SERVICES,	)	06-50215 (KJC)
INC./CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
ALONA APPAREL INC. a/k/a POSITANO/)	
CIT GROUP INC./COMMERCIAL	)	06-50218 (KJC)
SERVICES, INC.,)	
PUZZLES ENTERPRISES, INC./)	
L.A. MAIN CONNECTION, INC.,	)	06-50221 (KJC)
ACCESS BASIC BLUE JEANS CORP./)	
HANA FINANCIAL, INC.,	)	06-50223 (KJC)
AMEREX GROUP, INC. d/b/a)	
AMEREX OF CALIFORNIA CORP./	)	06-50228 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
AMERICAN BASICS CO., L.L.C. a/k/a)	
ABC/CIT GROUP INC./COMMERCIAL	)	06-50229 (KJC)

SERVICES, INC.,)	
GLENOIT UNIVERSAL, LTD.,	)	06-50231 (KJC)
GLENOIT L.L.C./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
GINA HOSIERY, LTD./	)	06-50232 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
GARY STEINER SALES, INC./	)	06-50233 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
GLOBAL GOLD, INC., GLOBAL	)	06-50237 (KJC)
APPAREL, L.L.C., PLANET GOLD)	
CLOTHING COMPANY INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
M. HIDARY & COMPANY INC./	)	06-50238 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
H.G. HOSIERY ASSOCIATES, INC./	)	06-50240 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
HAMCO, INC./	)	06-50243 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
HARVIC INTERNATIONAL LTD./	)	06-50244 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
HEMISPHERE WORLDWIDE SALES, INC./	)	06-50245 (KJC)
GE CAPITAL COMMERCIAL SERVICES,)	
INC./CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
PANDELCO, INC. d/b/a L.A. MOVERS/	)	06-50251 (KJC)
CIT GROUP INC./ COMMERCIAL)	
SERVICES, INC.,)	

06-50255 (KJC)	)	LUGGAGE AMERICA, INC. d/b/a
	)	OLYMPIA INTERNATIONAL/
	)	CIT GROUP INC./COMMERCIAL
	)	SERVICES, INC.,
06-50270 (KJC)	)	KAKTUS SPORTSWEAR, INC./
	)	HSBC BUSINESS CREDIT (USA) INC.,
06-50272 (KJC)	)	REVERB MILLS, INC./
	)	CIT GROUP, INC./COMMERCIAL
	)	SERVICES, INC.,
06-50274 (KJC)	)	SARAMAX APPAREL GROUP, INC./
	)	CIT GROUP INC./COMMERCIAL
	)	SERVICES, INC.,
06-50277 (KJC)	)	TRESCO, INC.,
06-50292 (KJC)	)	USA TRASE INC., SRA APPAREL, INC.,
	)	SRA APPAREL CORP./
	)	CIT GROUP INC./COMMERCIAL
	)	SERVICES, INC.,
06-50296 (KJC)	)	GMA ACCESSORIES, INC. d/b/a
	)	CAPPELLI OF NY, CAPPELLI OF
	)	NEW YORK, INC./
	)	CIT GROUP INC./COMMERCIAL
	)	SERVICES, INC.,
06-50297 (KJC)	)	RIGO INTERNATIONAL, INC./
	)	HSBC BUSINESS CREDIT (USA) INC.,
06-50299 (KJC)	)	SCOPE IMPORTS INC., SCOPE
	)	APPAREL, L.P./
	)	CIT GROUP INC./COMMERCIAL
	)	SERVICES, INC.,
06-50304 (KJC)	)	VAN DALE INDUSTRIES, INC.,
	)	TIP TOP PAINTS, INC. a/k/a
06-50323 (KJC)	)	TIP TOP PAINT INC./
	)	CIT GROUP INC./COMMERCIAL
	)	SERVICES, INC.,

CHF INDUSTRIES, INC.,	)	06-50327 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
IN 7 CLOTHING, INC., IN 7	)	06-50328 (KJC)
CLOTHING CO., INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
INNOVO INC., INNOVO GROUP, INC./	)	06-50333 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
INTERTEX APPAREL LTD./	)	06-50338 (KJC)
GE CAPITAL COMMERCIAL)	
SERVICES, INC./CIT GROUP INC./)	
COMMERCIAL SERVICES, INC.,)	
)	
PERFECT FIT INDUSTRIES, INC./	)	06-50370 (KJC)
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
M.R.S., INC. d/b/a CARESSE	)	06-50373 (KJC)
LINGERIE, CARESSE LINGERIE, INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
RAIDER JEAN, L.L.C., MARKO APPAREL	)	06-50377 (KJC)
OF NEW YORK LTD. d/b/a)	
RAIDER JEAN COMPANY/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
ALBERT ASSOR d/b/a COCONUT GROVE	)	06-50381 (KJC)
DESIGN, ADABERPI CORP. d/b/a)	
COCONUT GROVE DESIGN/)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
GOLDEN TOO, INC., PLANET GOLD	)	06-50382 (KJC)
CLOTHING COMPANY, INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
)	
JUST FOR WRAPS, INC., d/b/a	)	06-50384 (KJC)

WRAPPER, JUST FOR WRAPS/
CIT GROUP INC./COMMERCIAL
SERVICES, INC.,

TURN-ON PRODUCTS, INC. d/b/a
YOUNIQUE CLOTHING CO./
CIT GROUP INC./COMMERCIAL
SERVICES, INC.,

AMERICAN LIGHTING INDUSTRY INC.
a/k/a AMERICAN LIGHTING USA/
RTA FURNITURE OF AMERICA/
CIT GROUP INC./COMMERCIAL
SERVICES, INC.,

TRANSCO MERCHANDISE, INC. a/k/a
TRANSCO TRADING, TRANSCO TRADING
CO., TRANSCO TRADING CORP.,
TRANSCO IMPORTS CORP./
CIT GROUP INC./COMMERCIAL
SERVICES, INC.,

BMGM CO., L.L.C. d/b/a
HONEYCOMB KIDS/
GMAC COMMERCIAL FINANCE L.L.C./
CIT GROUP INC./ COMMERCIAL
SERVICES, INC.,

STRETCH-O-RAMA, INC., d/b/a
LONGSTREET, KIDSZONE CLOTHING CO.,
NASCAR, SAHARA, GENUINE SCHOOL
UNIFORM, MIDTOWN CLOSEOUTS,
PRIMARY/CIT GROUP INC./COMMERCIAL
SERVICES, INC.,

LILY BLEU, INC. D/B/A LILY BLEU,
KIM & CAMI PRODUCTIONS INC./
SUNTRUST BANKS, INC.,

AMERICAN CHARACTER CLASSICS INC.,
MAMIYE BROTHERS INC.
a/k/a MAMIYE SALES/
CIT GROUP INC./COMMERCIAL
SERVICES, INC.,

06-50390 (KJC)

06-50392 (KJC)

06-50395 (KJC)

06-50398 (KJC)

06-50399 (KJC)

06-50400 (KJC)

06-50430 (KJC)

GOLD MEDAL HOSIERY CO.,	)	06-50431 (KJC)
PREGER AND WERTENTEIL INC./)	
CIT GROUP INC./COMMERCIAL)	
SERVICES, INC.,)	
SOLED OUT SOCKS INC. /	)	05-30100 (KJC)
GMAC COMMERCIAL CREDIT,)	
FAST FORWARD, LLC /	)	05-30156 (KJC)
GMAC COMMERCIAL FINANCE,)	
SILVER GOOSE, INC. /	)	05-30463 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
STAR REGENT APPAREL, INC.,	)	05-30476 (KJC)
STAR REGENT INTERNATIONAL INC./)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
ATLANTIC HOSIERY, INC. /	)	05-30477 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
PARK B. SMITH INC. D/B/A SMITH AND	)	05-30479 (KJC)
JOHNSON AND D/B/A PARK B. SMITH LTD.,)	
PARK B. SMITH SR. /)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
ISAAC MORRIS, LTD.	)	05-53237 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
ISAAC MORRIS, LTD. D/B/A E BABY,	)	06-50004 (KJC)
E-BABY L.L.C. /)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
ALL-WAYS SPORTSWEAR, LTD. /	)	06-50035 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
GREAT WALL CORP. /	)	06-50041 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
OUTERSTUFF, LTD. /	)	06-50132 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
AMERICAN MARKETING ENTERPRISES,	)	06-50220 (KJC)
INC. / GMAC COMMERCIAL FINANCE L.L.C.,)	

HAYWIN TEXTILE PRODUCTS, INC. /	)	06-50246 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
RK INDUSTRIES INC. /	)	06-50298 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
WIESNER PRODUCTS, INC. /	)	06-50365 (KJC)
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
ACCESSORY NETWORK GROUP, LLC A/K/A	)	06-50378 (KJC)
ACCESSORY NETWORK GROUP /)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
AMICA APPAREL CORP. D/B/A	)	06-50379 (KJC)
SQUEEZE KIDS /)	
GMAC COMMERCIAL FINANCE L.L.C.,)	
)	
STYLE N DESIGN, INC. and	)	05-30464 (KJC)
STERLING FACTORS CORPORATION,)	
)	
PACIFIC TEAZE and	)	06-50135 (KJC)
STERLING FACTORS CORPORATION,)	
)	
CELEBRATION TRADING, INC.	)	05-30746 (KJC)
CELEBRATION II, INC., d/b/a)	
CELEBRATION TRADING, INC.)	
SALES EXCHANGE, INC. d/b/a)	
CELEBRATION TRADING, INC.)	
and STERLING FACTORS CORPORATION,)	
)	
TKO ORIGINALS LTD A/K/A	)	06-50367 (KJC)
TKO ORIGINALS LTD)	
and LES ORIGINAUX TKO LTD)	
and STERLING FACTORS CORPORATION,)	
)	
NATCO PRODUCTS CORPORATION AND	)	06-50085 (KJC)
MILBERG FACTORS INC.,)	
)	
M ARON CORPORATION AND	)	05-30067 (KJC)
MILBERG FACTORS INC.,)	
)	
A.L.T. SPORTSWEAR, INC. AND	)	05-30669 (KJC)
MILBERG FACTORS INC.,)	
)	
KIDS HEADQUARTERS INC. A/K/A	)	06-50429 (KJC)

KIDS HEADQUARTERS,)	
WEAR ME APPAREL CORP., AND)	
MILBERG FACTORS INC.,)	
)	
LOUISE PARIS, LTD. AND	)	06-50366 (KJC)
MILBERG FACTORS INC.,)	
)	
SML SPORT LTD. AND	)	05-52694 (KJC)
MILBERG FACTORS INC.,)	
)	
MADISON INDUSTRIES, INC. AND	)	06-50342 (KJC)
MILBERG FACTORS INC.,)	
)	
GARLAND SALES, INC. AND	)	06-50040 (KJC)
MILBERG FACTORS INC.,)	
)	
JDR APPAREL GROUP, L.L.C. and	)	05-30750 (KJC)
HSBC BUSINESS CREDIT (USA) INC.,)	
)	
JERRY LEIGH OF CALIFORNIA INC.	)	05-30752 (KJC)
JERRY LEIGH ENTERTAINMENT)	
APPAREL INC. and HSBC BUSINESS CREDIT)	
(USA) INC.,)	
)	
ALMAR SALES COMPANY INC. D/B/A	)	06-50033 (KJC)
ASC PROMOTIONS and HSBC BUSINESS)	
CREDIT (USA) INC.,)	
)	
AMERISPORT, L.L.C. and HSBC BUSINESS	)	06-50034 (KJC)
CREDIT (USA) INC.,)	
)	
THE NORTHWEST COMPANY INC. D/B/A	)	06-50174 (KJC)
WILMINGTON PRODUCTS USA, INC.)	
and HSBC BUSINESS CREDIT (USA) INC.,)	
)	
FUNNY EXPRESSIONS, INC. and	)	06-50235 (KJC)
and HSBC BUSINESS CREDIT)	
(USA) INC.,)	
)	
FASHION OPTION INC. D/B/A GENERATION	)	06-50045 (KJC)
ONE APPAREL, INC. /)	
ROSENTHAL & ROSENTHAL INC.,)	
)	
MICHAEL'S NEW YORK JEAN CO. INC.	)	05-30063 (KJC)
CAPITAL FACTORS,)	

CHOICE APPAREL, INC.	)	05-30148 (KJC)
CAPITAL FACTORS,)	
)	
BY DESIGN, LLC	)	05-30457 (KJC)
CAPITAL FACTORS, INC.,)	
)	
DESIRE SPORTSWEAR, INC.	)	05-30460 (KJC)
CAPITAL FACTORS, INC.,)	
)	
I-FE APPAREL, INC.	)	05-53037 (KJC)
CAPITAL FACTORS, LLC,)	
)	
MILANO MANHATTAN, LTD.	)	06-50049 (KJC)
CAPITAL FACTORS, INC.,)	
)	
TRENDS CLOTHING CORP.	)	06-50275 (KJC)
CAPITAL FACTORS, INC.,)	
)	
INDULGENCE JEANS/TRENDY LOOKS	)	05-30748 (KJC)
CAPITAL FACTORS, INC.,)	
)	
Defendants.)	

**TRUSTEE'S MOTION FOR EXPEDITED CONSIDERATION OF MOTION
PURSUANT TO 11 U.S.C. §105 (d) FOR A STATUS CONFERENCE IN CONNECTION
WITH CERTAIN PENDING ADVERSARY PROCEEDINGS**

Jeffrey L. Burch, Chapter 7 Trustee (the "Trustee" and/or "Plaintiff") for the estate of Factory 2-U Stores, Inc. (the "Debtor" and/or "Factory 2-U"), by and through his counsel, hereby files this Motion for Expedited Consideration of Motion Pursuant to 11 U.S.C. §105 (d) for a Status Conference in Connection with Certain Pending Adversary Proceedings (the "Motion to Expedited") and, in support thereof, respectfully represents as follows:

1. On January 13, 2004 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as

amended (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

2. This case converted to an action under Chapter 7 on January 27, 2005. Jeoffrey L. Burch was appointed as Interim Trustee on January 27, 2005 pursuant to Section 701 of the Bankruptcy Code and is serving as the Trustee of this Estate pursuant to Section 702(d) of the same.

3. Beginning in October 2005, over 800 preference proceedings were filed by the Trustee. Plaintiff requests a status conference for approximately 140 of the still pending actions, all of which involve a "factor" named as at least one of the Defendants (the "Factor Preference Actions").

4. Information has developed that affects the mediations and pretrial schedules for the Factor Preference Actions. In addition, the recently discovered information may give rise to additional causes of action to be asserted by the Trustee on behalf of the estate against the factor defendants.

5. The Trustee has requested a status conference with the Court in order to provide a forum in which to address these developments and future proceedings in the Factor Preference Actions.

Relief Requested

6. As a result of the foregoing, in addition the information contained in the Motion Pursuant to 11 U.S.C. §105 (d) for a Status Conference in Connection with Certain Pending Adversary Proceedings (the "Motion for Conference"), the Trustee respectfully requests that this Court schedule a hearing to consider subjects outlined in the Motion for Conference for Thursday, August 23, 2007, at 3:30 p.m.

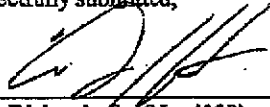
7. The Trustee submits that cause exists for the foregoing expedited request based upon the impact of the recently discovered information on already scheduled mediations and on expired and about to expire discovery deadlines.

8. The Trustee will provide copies of the Motion for Conference and of the Motion to Expedite via telecopy or overnight mail to all parties-in-interest as set forth on the attached Service List.

WHEREFORE, the Trustee respectfully requests that the Court: (i) enter an Order scheduling a hearing on the Motion Pursuant to 11 U.S.C. §105 (d) for a Status Conference in Connection with Certain Pending Adversary Proceedings for Thursday, August 23, 2007 at 3:30 p.m.; and (ii) grant such further relief as is just and proper.

Dated: August 15, 2007
Wilmington, Delaware

Respectfully submitted,



Linda Richendaefer (No. 4138)
Ian Connor Bifferato (No. 3273)
Garvan F. McDaniel (No. 4167)
BIFFERATO GENTILOTTI LLC
800 N. King Street, Plaza Level
Wilmington, DE 19801

-and-

/s/ Robert W. Pedigo
Robert W. Pedigo (No. 4047)
George R. Tsakataras (No. 3911)
COOCH AND TAYLOR
824 Market Street, Suite 1000
Wilmington, DE 19801

*Co-Counsel for Plaintiff Jeffrey L. Burch,
Chapter 7 Trustee*

CERTIFICATE OF SERVICE

I, Denise Seastone Kraft, hereby certify that on the 16th day of August, 2007, I caused a copy of the Memorandum in Support of Motion of Defendant GMAC Commercial Finance LLC for Determination That Claims Are Non-Core to be served upon the parties listed below in the manner indicated:

VIA HAND DELIVERY

George R. Tsakataras, Esq.
Robert W. Pedigo, Esq.
Shelley A. Kinsella, Esq.
COOCH & TAYLOR
824 N. Market Street, Suite 1000
Wilmington, DE 19899

Linda Richenderfer, Esq.
BIFFERATO GENTILOTTI, LLC
800 North King Street, First Floor
Wilmington, DE 19801
Counsel for the Trustee

Christopher D. Loizides, Esq.
Loizides, P.A.
1225 King Street, Suite 800
Wilmington, DE 19801
Counsel to Star Regent Apparel, Inc.

Frederick B. Rosner, Esq.
Christopher M. Winter, Esq.
DUANE MORRIS LLP
1100 North Market Street, Suite 1200
Wilmington, DE 19801
*Counsel to Isaac Morris, Ltd. and
Isaac Morris, Ltd. d/b/a E-Baby*

Christopher P. Simon, Esq.
Kevin S. Mann, Esq.
CROSS & SIMON, LLC
913 North Market Street, 11th Floor
Wilmington, DE 19801
*Counsel to Amica Apparel Corp.
d/b/a Squeeze Kids*

/s/ Denise Seastone Kraft
Denise Seastone Kraft (No. 2778)

CERTIFICATE OF SERVICE

I, Stuart M. Brown, hereby certify that on the 14th day of September, 2007, I caused a copy of the Reply To Plaintiff's Response To Motion Of Defendant GMAC Commercial Finance LLC For Withdrawal Of The Reference Under 28 U.S.C. §157(d) And Fed. R. Bankr. P. 5011 to be served upon the parties listed below in the manner indicated:

VIA HAND DELIVERY

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